TOROMONT

The Power of ONE

TOROMONT INDUSTRIES LTD.
2000 ANNUAL REPORT

Toromont is...

		MARKETS SERVED
TOROMONT CAT *Committed To Customer Success*	One of North America's premier Caterpillar dealers with an unparalleled customer support network for new and used heavy equipment.	Construction, road building and paving, aggregate, mining, waste, forestry, steel, sewer, pipeline, watermain, housing, demolition, material handling, agriculture, marine and fishing industries
TOROMONT ENERGY DISTRIBUTED GENERATION PARTNERSHIPS	Harnessing the unique features of Caterpillar technology to design, build, sell, service and selectively own power generation plants.	Remote communities, mines, hospitals, colleges, hotels, municipalities, industrial and manufacturing facilities
TOROMONT CAT Power Systems *Committed To Customer Success*	A leading provider of Caterpillar engines for on-highway trucks, as well as prime and standby power for marine, commercial and industrial applications.	On-highway truck, bus, ship and luxury yacht engines, standby and emergency power for movie sets, banks, hotels, Original Equipment Manufacturers, telecommunications installations and special events
BATTLEFIELD EQUIPMENT RENTALS / CAT The Rental Store	The source of high quality, productive rental equipment for contractors in Ontario, Newfoundland and Labrador.	Residential, road and commercial construction, paving, landscaping, offshore oil and fishing industries, JobSite industrial maintenance for steel, automotive and petro-chemical plants
TOROMONT PROCESS SYSTEMS	A world leader in designing, building and installing industrial process, refrigeration and compression systems for the energy, oil, gas and chemical industries.	Natural gas production and processing, gas dehydration, petroleum and petrochemical refining, light hydrocarbon recovery, steam methane or naphtha reformers, heavy fuel facilities, high pressure wells, ammonia plants, breweries and commercial alcohol plants, natural gas processing, landfills and ethylene plants
TOROMONT REFRIGERATION CIMCO	Canada's largest industrial refrigeration organization and the National Hockey League's preferred supplier of ice rink equipment, serving North American and international markets.	Food processors, beverage bottlers, brewers, cold storage distribution facilities, chemical, plastic extrusion and molding companies, pulp and paper, recreational ice rinks and NHL facilities
TOROMONT AERO TECH	A custom precision sheet metal fabricator with specialized engineering design and manufacturing capabilities.	Medical, gaming, electrical, printing and water treatment

2000 HIGHLIGHTS

OPERATING RESULTS

- Record revenues and earnings
- Strong growth in market share
- Launched initial customer-specific parts e-commerce web site
- Installed first satellite communicators to remotely monitor equipment in field
- Added thermal metal spray capability to economically rebuild metal surfaces

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- Signed joint venture agreement with Toronto Hydro to co-develop high efficiency co-generation plants under 25MW in Canada's largest city
- Completed construction of a 7.8 megawatt combined heat and power generation project near Trenton, Ontario (first solar turbine project)
- Expanding capacity at jointly owned Sudbury District Energy Corporation

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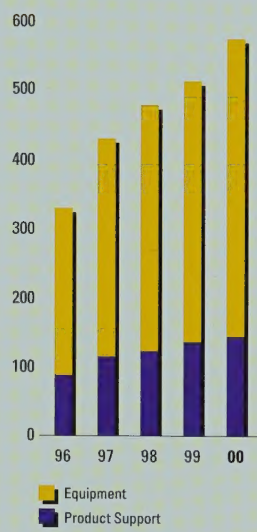
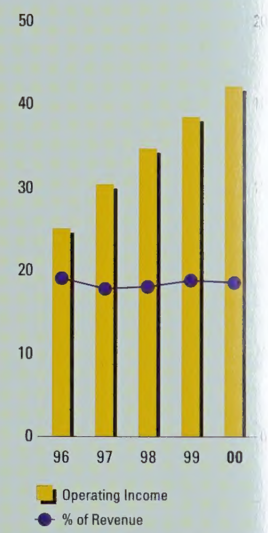
- Expanded sales in rental cooling market
- Provided rental generators to Organization of American States meeting in Windsor and the Canadian Open tennis tournament
- Increased demand from "Internet hotels"

- Record contribution to revenues and earnings
- Expanded sales by 40% over 1999
- Opened two new locations and acquired two others to bring branch network to 27
- Celebrated first full year as official CAT Rental Store, achieving top 10 ranking of Caterpillar dealers worldwide for unit sales of Compact Construction Equipment

Equipment Group Revenues
($ millions)



Equipment Group Operating Income
($ millions)



- Record revenues and earnings
- Strong sales due to surging natural gas prices
- Developed new mid-range gas compression units featuring Caterpillar engines
- Added Ariel reciprocating compressors to product portfolio

- Opened national parts centre to enhance delivery efficiencies
- Developed new enclosed factory fabricated refrigeration plants for outdoor mounting
- Booked substantial recreational refrigeration work for 2001, including the latest NHL arena: American Airlines Center
- Developed second ice rink package for Russian community of Podolysk

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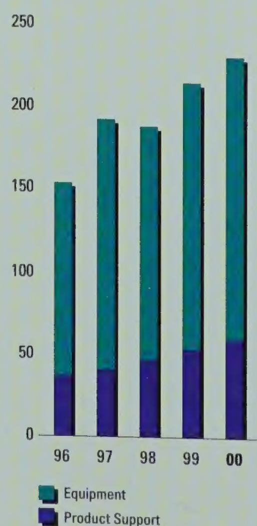
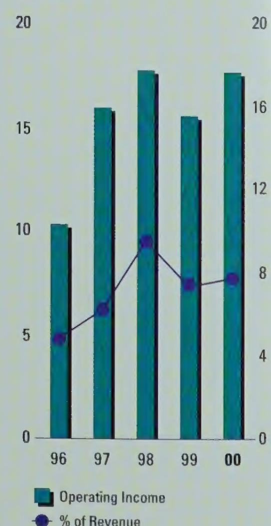
- Increased demand from gaming and water filtration industries
- Supplied close to 200 projects with hydronic radiant ceiling systems

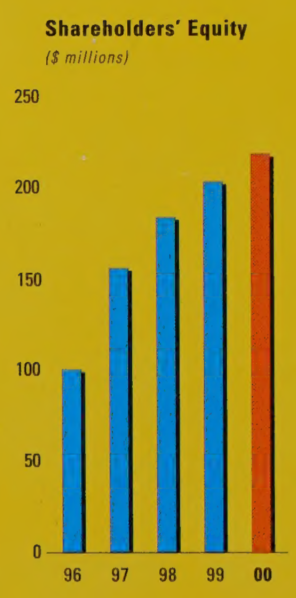
Refrigeration Group Revenues
($ millions)

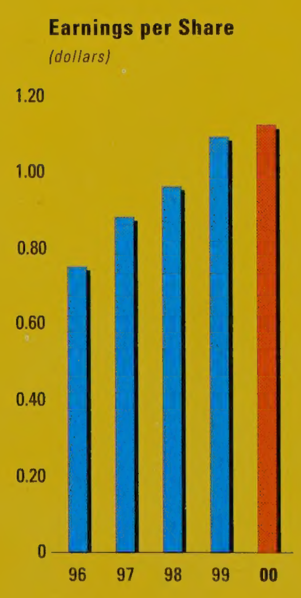


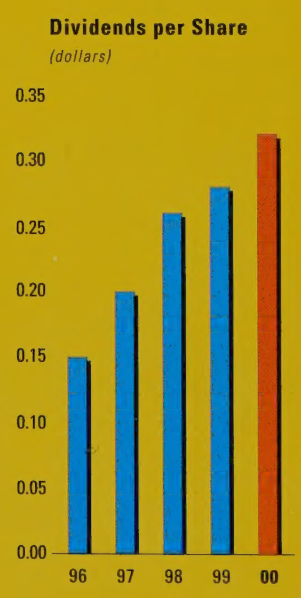
Refrigeration Group Operating Income
($ millions) *(%)*

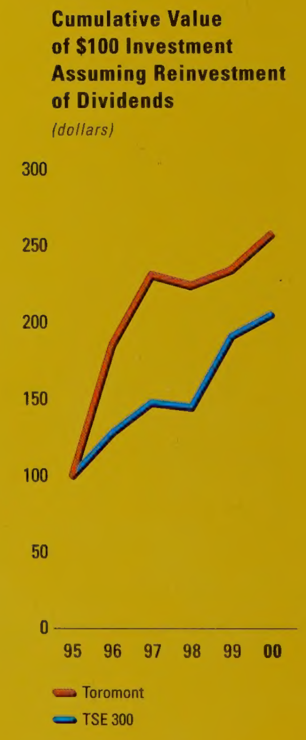


The Value of Many









Toromont Industries presents many faces to the world. Each of our core businesses has its own identity, its own broad and diverse customer base, its own highly skilled, well-tenured workforce and its own proven way of doing business.

Yet in reality, we are one enterprise, united by common goals, unified by a commitment to customer success and shareholder value creation.

We derive value from many sources including our team of 2,300 people and our strong, enduring relationships with leading companies such as Caterpillar. But it is the power of a single vision that makes Toromont a leader in its markets.

Financial Highlights

Thousands, except per share data	**2000**	1999	1998
Revenues	**$ 800,464**	$ 723,937	$ 683,482
Operating income	**59,676**	53,770	52,204
Net earnings from operations	**32,345**	32,057	28,242
Gain on sale of non-strategic businesses	**—**	—	9,946
Net earnings	**32,345**	32,057	38,188
Working capital	**$ 193,406**	$ 183,922	$ 144,109
Total assets	**613,787**	531,201	442,972
Shareholders' equity	**218,213**	203,062	183,596
Cash from operations before change in non-cash working capital	**51,890**	47,190	42,081
Cash from operations per share	**$ 1.79**	$ 1.61	$ 1.43
Basic earnings per share from operations	**1.12**	1.09	0.96
Gain on sale of non-strategic businesses	**—**	—	0.34
Basic earnings per share	**1.12**	1.09	1.30
Dividends per share	**0.32**	0.28	0.26
Equity per share	**7.53**	6.93	6.23
Return on opening shareholders' equity	**15.9%**	17.5%	18.1%[1]
Shares outstanding			
At year-end	**28,975,698**	29,288,098	29,458,210
Weighted average for year	**28,953,200**	29,344,114	29,430,101

[1] Excludes gain on sale of non-strategic businesses.

Delivering Real Value

Fellow Shareholders:

We are pleased to report that your Company performed well in 2000. Revenue for the year reached a record $800 million, up 11% over 1999. Operating income also increased by 11% to $59.7 million.

Higher interest costs and lower investment income added $5.6 million to net financial expense. As a result, net income was $32.3 million ($1.12 per share) compared to $32.1 million ($1.09 per share) on fewer shares outstanding. Return on shareholders' equity was 15.9%.

Exceptionally strong deliveries and conversions in the fourth quarter resulted in an 18% revenue gain compared with the fourth quarter of 1999, a 30% increase in operating earnings, and 19% higher net income of $12.4 million or 43 cents per share, up from 35 cents.

Other Highlights

- The Caterpillar dealership overcame the impact of a 13-week strike earlier in the year to establish new records for machine sales, parts and service revenue and operating income. This operation also realized significant market share gains on mobile equipment.
- Battlefield's revenue and operating income grew by 40%, largely due to increases in same store sales. Two new stores were opened in the second half of the year and two rental companies were acquired, bringing Battlefield's network to 27 stores. $27 million was invested in rental fleet additions. After launching the Caterpillar Compact Construction line late in 1999, Battlefield quickly established a significant market position with this exceptional product.
- Toromont Energy signed a joint venture agreement with Toronto Hydro to develop high efficiency co-generation plants under 25 megawatts. A 7.8 megawatt turbine co-generating facility was

Toromont's performance in 2000 once again demonstrated the benefits of operating in several different, albeit related, industries and broad geographic territories. Our model is built on owning businesses where we can be a market leader, where competitors face real barriers to market entry, where there is profitable growth potential and a substantial ongoing parts and service business to sustain profits during economic slowdowns.

WAYNE S. HILL
Vice President, Finance and Chief Financial Officer

ROBERT M. OGILVIE
Chairman and Chief Executive Officer

HUGO T. SØRENSEN
President and Chief Operating Officer

commissioned late in the year in eastern Ontario, and a 6 megawatt co-generation facility for Sudbury Regional Hospital was announced, the second project under the Sudbury District Energy joint venture.

- Toromont Process Systems reported a 32% increase in revenue and a 55% increase in operating income on increasing demand for gas compression equipment in the Canadian natural gas sector. Ending backlogs were 39% higher than the prior year.
- CIMCO set a new record for recreational ice rink bookings, generating a substantial order backlog for 2001. Included in these bookings are rinks for the National Hockey League Dallas Stars and for Chehov, Russia.

New investments in power projects totalled $9 million, far less than was contemplated in this report last year. Forward commitments are also lower than originally expected. The Ontario government delayed implementation of electricity deregulation. This has had a negative impact on new power generation prospects in Ontario. Nobody likes uncertainty, particularly investors in long-term projects. Our potential customers and your Company are delaying investment decisions until the outlook for power generation becomes clearer. We are hopeful that deregulation will occur this year and that the investment climate will become attractive. The systems that we supply (efficient, environmentally friendly, distributed power generation) will be among the preferred options going forward.

While prime power plant sales have slowed, generator rentals and sales of back-up power plants remain strong, possibly a response to the electricity crises in the West and heightened uncertainty in Ontario.

The objective of any company is to deliver attractive returns for its shareholders. Our management team holds a significant portion of

their net worth in Toromont shares. Cash incentive programs are tied to return on capital employed and absolute profits at the business unit level, and to return on shareholders' equity at the executive level. Complementing this are stock option incentives to key employees to encourage growth. Toromont's return on shareholders' equity over the past five years has averaged 29% (26% average over ten years). Your Company is usually ranked in the top decile of TSE listed firms in terms of returns on capital and equity. This has been accomplished while maintaining an under-leveraged balance sheet.

We have a disciplined approach to investing. The strategy is to own businesses where Toromont can be a market leader, in industries with substantial barriers to market entry, profitable growth potential and a significant parts and service component. Our pricing for business acquisitions must allow us to generate a reasonable return on our invested capital. These principles have served us well in the past and we expect will do so in the future.

Toromont again renewed its normal course issuer bid to purchase up to 2,025,000 common shares for cancellation. During 2000, 431,500 shares were purchased in the market, at an average market price of just over $15, and cancelled.

I am pleased to report that your Directors have decided to increase the dividend by 6% effective with the April 2001 payment, to 8.5 cents per share per quarter, or 30% of trailing earnings. This is the 12th consecutive year in which the dividend has been increased. Toromont has paid a dividend every year since our stock was first listed on the TSE in 1968.

There are a number of economic forecasters who are expecting a recession in 2001. Escalating energy prices, troubles in the automotive and steel industries, and credit tightening all indicate a slowdown.

There are also areas of strength. Natural gas markets are tight, pointing to growth in our Process business. Ontario housing starts remain at healthy levels. Infrastructure and road construction are expected to remain buoyant. Our momentum was strong as we entered 2001, as can be seen from the exceptional results reported for the fourth quarter of 2000. Backlogs in most of our operations are higher than they were a year ago.

Your Company has a strong balance sheet, providing tremendous flexibility to weather downturns. As earnings weaken and credit tightens, other companies become available, providing us with opportunities for expansion.

On behalf of the Board, we sincerely thank our customers, shareholders, employees and suppliers for their support.

Yours sincerely,

Robert M. Ogilvie

Robert M. Ogilvie, *Chairman and Chief Executive Officer*
February 2001

The Value of Many

TOROMONT serves a large and increasing number of industries and customers through its two operating groups, Refrigeration and Equipment.

Although these businesses pursue different opportunities in a variety of markets, they are linked in four important ways.

- Each is knowledge-based, with a talented workforce providing technologically advanced tools and solutions to meet customers' needs for quality, low cost of ownership, durability and reliability.
- Each derives a significant and growing share of revenue from ongoing maintenance and customer support activities that, when combined with advanced product offerings, competitively differentiate the business in the marketplace.
- Each is dedicated to achieving a minimum Return on Capital Employed (ROCE) that enhances Toromont's overall minimum 20% ROCE target.
- Each is committed to the power of one. One Company, one Toromont Industries, delivering real value, one customer at a time.

The Value of Toromont CAT

Toromont CAT is the dealer for Caterpillar—the world's largest manufacturer of heavy equipment—in most of Ontario and Labrador as well as Newfoundland. From 14 fully equipped branches, and through specialized business units, Toromont CAT represents the broadest range of equipment on the market, including the close to 300 new or enhanced Caterpillar products introduced in the past five years. The comprehensive way Toromont has structured its Caterpillar dealership to benefit a wide range of customers has made the dealership a strong and diversified contributor to shareholder value.

Philosophy: "Committed To Customer Success." This is more than the dealership's official tag line. It's Toromont CAT's modus operandi. In principle, it means finding ways to make each customer more competitive and more profitable. In practice, it means bringing more choice to the marketplace… choice of owning or renting new or used equipment, new, used or remanufactured parts, financing terms and maintenance agreements. In principle and in practice, no company is more committed to customer success. This is evident in the fact that Toromont has made substantial investments to build the market's largest customer support network, which enables Toromont CAT to offer Customer Support Agreements (CSAs) that guarantee maintenance and repair costs for any duration required.

Points of Difference: Toromont CAT delivers the most comprehensive combination of products and value-added services in the industry. The sum of all of its component parts—the industry's most knowledgeable and well-trained workforce, the range of customer-focused technology it offers, the scope of its products, market-leading service infrastructure, and strong financial base—makes Toromont CAT the best choice for customers of all sizes, in all industries.

Trends: Increasingly, companies are looking to outsource maintenance rather than invest in a service infrastructure, which is costly to establish, difficult to staff and often impossible to justify economically across a single fleet. The result is a growing demand for comprehensive after-sales service where maintenance and repair costs are guaranteed by the equipment provider. Changes have also emerged in purchasing methods. In addition to full ownership and leasing, customers are also exploring rent-to-own and rent-to-rent opportunities. By offering complete flexibility in ownership—in part through its seamless connection to Battlefield Equipment—backed by comprehensive CSAs, Toromont CAT is well positioned for these trends.

What's New: The fleet of Caterpillar equipment in Toromont's territories has expanded dramatically over the past five years as a result of significant market share gains and a growing economy. This will create greater demand for ongoing maintenance. To meet this demand, Toromont CAT has added to its service offerings. New in 2000 were a thermal metal spray capability to economically recover and rebuild metal surfaces that previously were scrapped, and a second new high-precision track press for assembling undercarriages. Toromont also launched its first customer-specific parts web site to enable e-commerce, and installed its first Product Link units. These are satellite communicators, installed on board heavy equipment, that allow Toromont to remotely monitor equipment for more precise servicing. All of these new offerings complement the Company's state-of-the-art ISO certified remanufacturing centre, the market's largest fleet of lubrication trucks and the largest team of mechanics and in-field technicians.

One of Toromont's fleet of lubrication trucks maintains a customer's fleet in peak condition A 345BL excavator working on Highway 69 near Parry Sound, Ontario Rebuilding an engine to original specs at the Croman remanufacturing centre A Toromont field service technician provides job site maintenance at a construction site A 966G wheel loader operating at a customer's Ottawa location A major aggregates customer near Toronto uses a Toromont CAT 769D quarry truck and 365B excavator.

TOROMONT CAT

Committed To Customer Success

The Value of Toromont Energy

Toromont Energy is a Canadian market leader in designing, building and maintaining power generation plants up to 50 megawatts. By combining its in-house engineering, commissioning, construction and plant management capabilities and applying Caterpillar's innovative power generation technology, Toromont Energy produces high quality energy on an efficient, cost-effective basis for consumers—and a growing revenue stream for shareholders. Since 1998, Toromont has invested more than $30 million in combined heat and power generation plants.

Applications: Over the past decade, Toromont has designed and built more than 50 high efficiency energy plants, using market-leading technologies supplied by Caterpillar and its subsidiary, Solar Turbines—two market share leaders in distributed generation technology. Toromont Energy serves:

- Industrial customers who utilize thermal energy in the form of steam or hot water in their manufacturing processes
- Remote communities and mining sites that are off the electricity grid
- Hospitals, universities, colleges and hotels
- Municipalities and municipal utilities that wish to better serve their commercial and residential constituents through efficient district energy facilities

Focus: Toromont Energy is dedicated to giving energy customers a viable and reliable alternative source for power. To do this, the company typically works in partnership with municipalities, utilities and end users and takes responsibility for design, engineering, construction, installation and lifetime service. This makes for worry-free operation and guaranteed operating costs. When appropriate, Toromont invests in power generation assets, owning a part or full equity stake in the facility.

Trends: The use of information technology, driven by the Internet, is creating tremendous need not just for more energy, but for reliable, high quality power supply. According to market research, some 12% of all power in the U.S. is now consumed by computers. Power outages, even for a fraction of a second, can have devastating consequences for computer and cable users, as well as Internet service providers. This is creating demand for highly reliable, off-grid as well as standby power. Pending market deregulation in one of Toromont Energy's prime markets—Ontario—combined with the need for cost-effective energy solutions, is causing many local utilities and enterprises to consider the economic advantages of securing dedicated "inside-the-fence" power. Environmental rules governing emissions and the creation of emissions credits are also creating demand for co-generation and landfill gas-powered plants.

What's New: Although full market deregulation in Ontario has been delayed, Toromont Energy continues to develop new business. In 2000, it signed an exclusive joint venture agreement with Toronto Hydro Energy Services to co-develop high efficiency co-generation plants under 25 megawatts in Canada's largest city. Northern Ontario's major health care facility, Sudbury Regional Hospital, also announced it is doubling its size and forecast energy usage. To meet this need, the Sudbury District Energy Corporation—jointly owned by Toromont, Sudbury Hydro and the City of Sudbury—is expanding its operations by adding a 6 megawatt natural gas co-generation facility.

A Caterpillar G3612 natural gas generator set, customized by Toromont Energy, and providing 2.5 MW of power — The central boiler plant at the Sudbury District Energy plant, an important joint venture — Toromont Energy-supplied controls and switchgear, also in Sudbury — The new logo for Toromont's joint venture with Toronto Hydro—Citisource Combined Heat and Power — Solar Taurus 70 Gas Turbine Generator (7.0 MW) in the Sonoco Trent Valley paper mill — Sudbury District Energy's official opening on October 26, 2000 attracted considerable interest.

TOROMONT ENERGY

DISTRIBUTED GENERATION PARTNERSHIPS

The Value of Power Systems

Toromont Power Systems is a market-leading provider of power systems and service in Ontario, Newfoundland and Labrador. This business specializes in: on-highway truck engine service, industrial and marine engine sales and service, and standby and prime power generator sales, rentals and service. Wherever and whenever power is needed, this fast-moving business unit provides it—along with added-value customization, product commissioning, operator training, preventative maintenance and ongoing customer support.

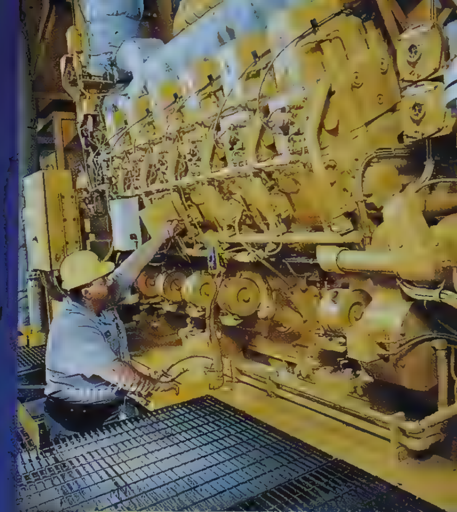
On-Highway Trucks: Together with more than 80 Original Equipment–affiliated Truck Engine Product Support (TEPS) dealers, Power Systems' on-highway truck team and 14 Toromont CAT branches are the "face" of Caterpillar truck engines in two Canadian provinces. Heavy and mid-range engines power a wide range of commercial trucks and buses, built by the world's leading Original Equipment Manufacturers. Power Systems' job is to keep these engines operating in peak condition on a 24/7 basis.

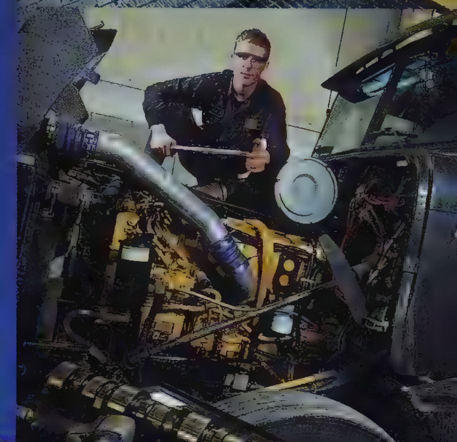
Prime and Standby Power: With direct access to Caterpillar and Olympian reciprocating equipment and in-house engineering and technical support resources, Power Systems sells, rents and services generator sets for prime power and emergency standby applications, including movie sets, banks, hotels and telecommunications installations. Ship and luxury yacht builders, as well as ferry and cargo operators are important customers of Power Systems' dedicated marine unit which designs, tests, commissions and services Caterpillar propulsion systems.

Focus: Although Power Systems serves many diverse markets, this business has a common focus: bringing customers the products and services they need, when and where they need them. To underscore its commitment to this idea, Power Systems has created a rapidly growing 24/7 rental business for electrical generators and temperature control equipment. It also leverages the market-leading customer support infrastructure of Toromont CAT to deliver comprehensive service—from load analysis for marine engines to truck engine repair and Ontario Drive Clean Emission Testing. Power Systems stands behind all of the products it sells, rents and services, and provides coverage like no other in its territories.

Trends: In all markets and across all applications, fuel-efficient engines—using a range of fuel sources—are in greater demand due to higher fuel prices. In the on-highway truck market, operators increasingly purchase extended warranty packages on new equipment—creating demand for Power Systems' service capabilities. Internet service providers, who are clustering in so-called "Internet Hotels," are becoming new and frequent consumers of Power Systems' standby generators. Reliable energy supply is critical for these large consumers of electricity.

What's New: Power Systems is tapping into a dynamic niche application: rental cooling. Often working in conjunction with sister company CIMCO Refrigeration, Power Systems provides standby electrical power and rental cooling for industrial processing plants. The "special event market" is also an important consumer of rental cooling. In 2000, for example, Power Systems provided a number of units for a meeting of the Organization of American States held in Windsor.





A special helicopter delivering a Power Systems unit that will provide back-up power to a Toronto Internet site • One of Toromont's skilled technicians commissions a G3612 unit at a sewage treatment plant • A Toromont mechanic performs service on a CAT heavy-duty truck engine at the Hamilton branch location • Power Systems' rental group ensures an international sporting event has all the power and cooling it needs • Performing an Ontario Heavy Duty Clean Emission inspection • Toromont and Caterpillar are the number one choice for diesel power in marine pleasure craft.

TOROMONT CAT Power Systems

Committed To Customer Success

The Value of Battlefield Equipment

With more than $80 million of construction and industrial tools at the ready, Battlefield is the premier provider of rental equipment to the contracting industries in Ontario, Newfoundland and Labrador. Battlefield also sells new and late model equipment, including Caterpillar's leading compact construction line, and through JobSite Equipment, provides specialized tools and premium service to industrial contractors. With a 25-year history of customer relationships, Battlefield's pure focus on the contractor market is a distinct competitive advantage, as is its positioning as the market's official CAT Rental Store.

Focus: Battlefield supports its customers by delivering the right tools at the right time on a cost-effective basis to meet the needs of every project. With over 250 delivery vehicles, the industry's most knowledgeable workforce, a growing store network and a broad product selection—encompassing 75 different equipment and tool suppliers—Battlefield fulfills this mission on a daily basis. For Toromont shareholders, Battlefield creates value through growing revenue and earnings contributions and unique positioning in diverse, high growth rental markets.

Applications: Annually, Battlefield processes more than 250,000 rental agreements in a wide variety of sectors, including residential, road and commercial construction, paving and landscaping. Through JobSite, Battlefield also supplies equipment and know-how to industrial applications such as site maintenance at steel, automotive and petrochemical plants.

Trends: Ten years ago, the North American rental equipment market was valued at some US$5 billion. Today, it's a US$20 billion marketplace. Industry associations forecast a quintupling of business volumes over the next five years as contractors embrace the economic and business advantages of short-term and medium-term rentals. With its ready access to market-leading equipment supply from companies such as Caterpillar, and its strategic presence in heavily industrialized regions of Canada, Battlefield is well positioned for this trend.

What's New: In 2000, Battlefield fortified its geographic presence by acquiring two businesses and opening two new locations, bringing its branch network to 27 fully equipped stores. In 2001, Battlefield will begin construction of a new regional centre in Ottawa West.

Clockwise from top left: *Battlefield serves customers from 27 fully equipped stores* | *A Caterpillar compactor, part of Battlefield's CAT Rental Store fleet* | *A JobSite pipe threader at work at Toronto's expanding Pearson Airport* | *Aerial lift equipment, a popular rental tool for customers in a wide range of industries* | *A Battlefield service technician providing preventative maintenance at a customer location* | *A Caterpillar excavator being readied for prompt delivery by one of Battlefield's fleet of more than 250 trucks.*

The Value of Toromont Process Systems

Toromont Process Systems is an international leader in building and maintaining processing facilities for the purification and liquefaction of carbon and sulfur dioxides, and in producing and servicing modular process refrigeration, natural gas and fuel gas compression systems. Its assets include a strong engineering design capability, experienced manufacturing, sales, service and quality control personnel and, most important, long-term relationships with some of the world's most successful multinational companies. Customers range from natural gas processors and co-generation plant operators to multinational breweries, chemical and petrochemical companies.

Focus: Toromont Process Systems is committed to enhancing its leadership position. To meet this commitment, it has become a single source of modular reciprocating, rotary screw and centrifugal compressor-based systems (the latter through an alliance with AC Compressors) and it operates a market-leading 24/7 maintenance operation. The result is a comprehensive solution, delivered promptly and cost-effectively, for customers in a wide variety of markets.

Applications: Working either on a turn-key basis or as a component supplier, Process Systems builds modular plants or systems for a wide variety of applications, such as:

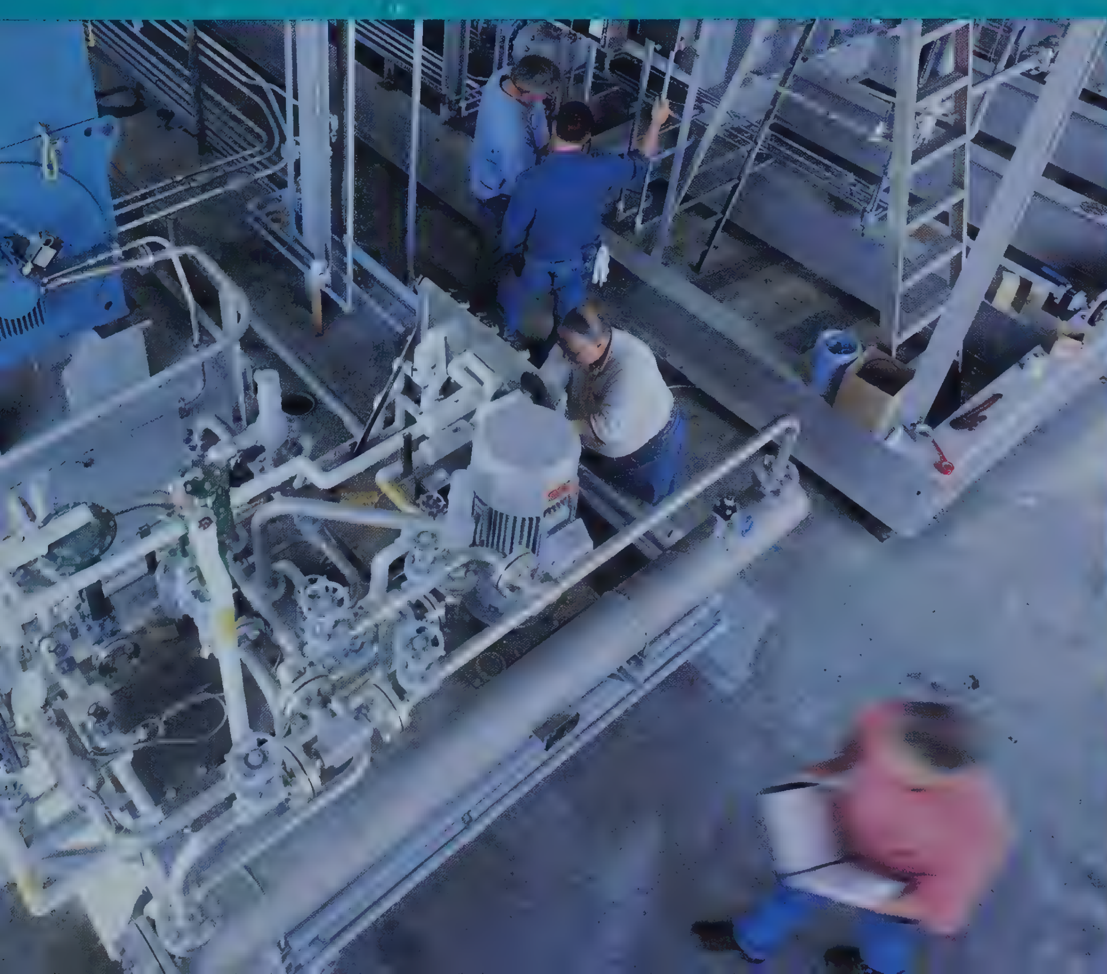
- Compression systems for natural gas fields, landfills and ethylene plants
- Process refrigeration units—supplying 10 to 10,000 tons of refrigeration capacity—for natural gas production and processing, gas dehydration, petroleum refining, petrochemical refining and light hydrocarbon recovery
- CO_2 processing to capacities of 1,000 tons a day from steam methane or naphtha reformers, heavy fuel facilities, high pressure wells, ammonia plants, breweries and commercial alcohol plants

Trends: Most of the world's supply of oil and natural gas was discovered 40 years ago. Today, the focus is on finding ways to maximize depleting natural gas fields. This has created a growing need for field compression systems that can effectively recover natural gas at low pressures. As a premier packager of advanced reliable rotary screw and reciprocating compression systems, Toromont is fully positioned to assist natural gas producers in recovering or gathering this valuable resource. Deregulation of power supply across North America is also a driver of growth for Process Systems, which provides compression systems ideally suited to co-generation plants that are not connected to natural gas pipelines—like many of those constructed by sister company Toromont Energy. The need for environmentally sound refrigerants, such as ammonia, propane and propylene used in Toromont Process Systems' solutions, is also a significant trend. Customers in all market segments want total, modular solutions that can be built, installed and serviced quickly and cost-effectively.

What's New: With energy prices on the rise and resurgent activity expected in Asia, Toromont Process Systems is gearing up for what is expected to be a strong period of growth over the next several years. To meet this potential, the company is representing a wider portfolio of products, including the popular Ariel reciprocating compressor, and is fortifying its European presence as the natural springboard to serve that region as well as Asia Pacific. Service presence and capabilities have been expanded. New mid-range field gas compression units featuring Caterpillar engines and rotary screw compressors have recently been developed. A new, expanded facility is also planned in the Calgary area for late 2001.

Clockwise from top left: Equipment modules being assembled for a petrochemical plant in Tunisia • A service technician overhauls a screw compressor at Process Systems' Calgary facility • A Process Systems employee making precise adjustments to advanced compression systems • A service technician at a natural gas compression site in Alberta • A module in pre-shipment checkout for a petrochemical plant in Mexico • A member of the manufacturing assembly team reviews project specifications.

TOROMONT PROCESS SYSTEMS



The Value of CIMCO Refrigeration

CIMCO is Canada's largest industrial refrigeration systems and service provider and one of the world's premier suppliers of recreational ice rink technologies. With a reputation built on excellence, quality, integrity and partnerships, CIMCO has a rich 87-year history of success. Based on its expertise and experience, the company was designated the preferred supplier of ice rink equipment to the National Hockey League.

Points of Difference: CIMCO is not just a contractor. It has North America's largest refrigeration engineering group, a highly experienced service and maintenance team that can support customers around the world, and manufacturing-packaging capabilities, all complementing its construction and installation services. The breadth of its resources and capabilities, and the experience of its people, make CIMCO the standard-setter in the industrial refrigeration market. In recreational refrigeration, CIMCO is the world's leading authority on ice rink technology. In fact, it helped to co-author the NHL's ice rink standards.

Focus: Bringing customers what they need, when they need it, in an economical, environmentally sound way is CIMCO's mission. To fulfill this mission, the company has invested in developing state-of-the-art refrigeration software and hardware and an unparalleled customer support infrastructure. Local product support capabilities, delivered from 22 locations, allow technicians to be on site promptly at a customer facility on a 24/7 basis. This responsiveness is vital, considering the requirement for uptime in the refrigeration business. To better support customers, CIMCO has just launched a national parts centre, enabling 24/7 ordering, and recently opened a service depot in Windsor to enhance U.S. service. With this network, CIMCO is now able to offer comprehensive Customer Support Agreements that guarantee low cost of ownership and worry-free operation.

Applications: CIMCO's revenue is diverse geographically, by customer and by type of sales (new equipment, parts and service). Industrial customers include multinational food processors, beverage bottlers, brewers, cold storage distribution facilities, chemical manufacturers, plastic extrusion and molding companies, and the pulp and paper industry. Recreational customers include NHL facilities and both public and private ice rink operators.

What's New: CIMCO recently secured or completed several high-profile assignments. In addition to an ongoing retrofit of the complete engine room at Labatt's flagship London facility, major upgrade work has also been completed at their Toronto and Cuba breweries. An exciting new development—completely enclosed factory-fabricated refrigeration units for outdoor mounting—has been successfully applied at several Canadian food plants. These are a further refinement of the ammonia air conditioning packaged units supplied to Husky Injection Molding Systems, designed for their three North American facilities to meet stringent environmental guidelines. In the recreational market, CIMCO developed its second ice rink package for the Russian community of Podolysk and was selected as the supplier of ice rink technology for the American Airlines Center, future home of the NHL's Dallas Stars.

Trends: The industrial refrigeration market continues to benefit from facility modernization and consolidation. This is particularly true in the brewing, bottling and cold storage sectors. In upgrading their refrigeration systems, customers demand the latest technology that meets or exceeds current environmental regulations and improves plant efficiencies while delivering cost-effective and consistent cooling or freezing.

Outlook: CIMCO had a very strong year for recreational ice rink bookings in 2000, which bodes well for revenue generation in 2001. The industrial market is also expected to perform well in 2001 as CIMCO continues to enjoy the benefits of long-term, preferred supplier relationships with many large customers.

Clockwise from top left: CIMCO technician prepares an ice rink package for NHL Dallas Stars' new arena • The Minnesota Wild's NHL arena contains CIMCO technology • A member of CIMCO's industry-leading engineering group • Final assembly and testing of a CIMCO package before shipment • A technician enters a customer's order for shipment from CIMCO's National Parts Centre • A CIMCO installation at a major meat processing plant.

TOROMONT REFRIGERATION CIMCO

The Value of Aero Tech Manufacturing

Aero Tech Manufacturing is a precision sheet metal fabricator and assembler. Providing advanced engineering, design and manufacturing capabilities, and its own line of hydronic radiant ceiling panel products, Aero Tech serves a broad array of customers throughout the United States and Canada. These customers include, among others, medical equipment suppliers, printing equipment manufacturers (commercial and newsprint), gaming companies, water filtration facilities and various industrial customers that use electrical control panels.

Business Objective: By designing, manufacturing and assembling high quality components and sub-assemblies on a timely, cost-effective and turn-key basis, Aero Tech seeks to build long-term, profitable relationships with a variety of customers.

Assets: Aero Tech's tool kit includes automated laser cutting, punching and forming cells, a variety of advanced hardware installation equipment, lathes, brake presses, in-house powder coating, and liquid painting and silk screening capabilities, all housed in a 70,000-square-foot facility just minutes from Salt Lake City International Airport. These assets position Aero Tech to perform both soft-tool and hard-tool methods of fabrication, which makes the company ideally suited to a wide variety of customer applications, from building small precision sheet metal chassis to turn-key equipment. The company's committed and well-trained workforce of 150, combined with Aero Tech's tool kit, enables Aero Tech to meet customer requirements for quality products, rapid turnaround and cost-effective solutions.

Products: For 33 years Aero Tech has been determined to provide the one product that counts most to its customers: service. In addition to providing service as a job shop to a wide variety of customers, Aero Tech has developed its own line of hydronic radiant ceiling systems, including radiant and matching non-radiant panels for either snap-in or lay-in applications. In 2000, the company produced systems for 125 projects. Included in this installation list is the new Cook County Hospital in Chicago, Illinois. These systems are known for comfort, sound control, incombustibility, low life cycle costs (due to reduced maintenance and energy requirements), durability and aesthetic appeal. By complementing its core fabricating business with a product line of its own, Aero Tech has achieved incremental revenue and improved asset utilization.

What's New: Aero Tech saw a significant increase in demand from the gaming and water filtration industries during the fourth quarter of 2000. This increase in business allowed for a strong finish to 2000 and provides good momentum for 2001.

Outlook: With growth in gaming markets, additions of new customers and significant ceiling panel projects, Aero Tech has positioned itself for a successful 2001. Aero Tech is aggressively hiring qualified employees and making investments in equipment to increase production.

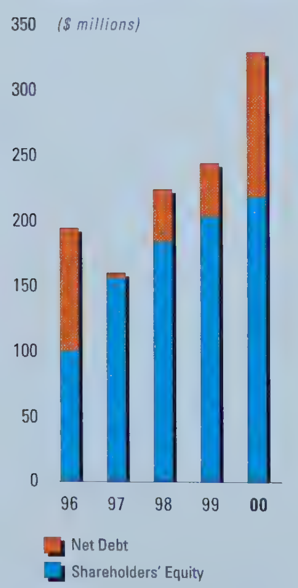
Clockwise from top left: *In addition to full sheet metal fabrication capabilities, Aero Tech also offers UL-approved electrical control panels • Advanced 2D & 3D CAD/CAM programming software enables Aero Tech to assist customers with made-to-order parts from design to production • One of Aero Tech's strengths is its ability to blend automated technology with a stable and experienced workforce • One of our skilled employees at work • A fully automated laser cutting cell is an example of Aero Tech's commitment to manufacturing quality products.*

TOROMONT AERO TECH

The Value of a Strong Capital Base

Toromont's commitment to expansion opportunities and achieving long-term profitable growth, while at the same time meeting financial return objectives over the business cycle, begins with a solid capital foundation and a conservative financial posture. The Company's equity base has increased ten-fold over the past decade, notwithstanding progressively increasing dividends to shareholders. Long-term financing has been obtained at fixed rates on an unsecured basis, complemented by substantial credit lines available to accommodate working capital requirements. A modest amount of leverage (total debt, net of cash and liquid investments to equity stands at 0.5 to 1) provides substantial financial flexibility. This strong foundation, when combined with market leadership, representation of the best products, results-oriented management, well-trained and motivated employees and strong customer focus, provides the formula for building tangible shareholder value.

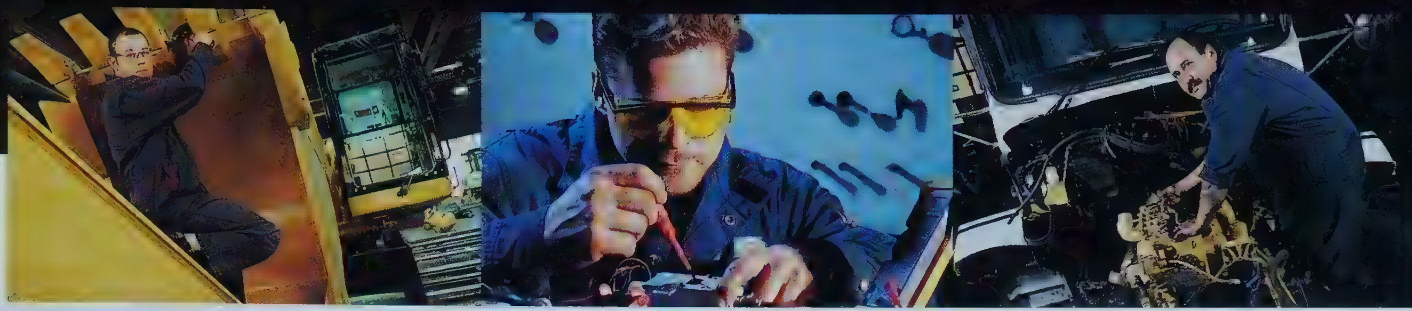
Financial Strength and Flexibility



Capital Structure

The Company achieved a return on shareholders' equity of 16% in 2000, exceeding its stated long-term target of 15% for the eighth consecutive year. This benchmark was exceeded despite a strike that significantly restricted activity at Toromont's largest facility throughout the second quarter. The most recent five and ten year average returns of 21% and 22% respectively (excluding unusual gains) have significantly exceeded internal targets. Stable and progressive financial performance is a cornerstone of the Company's philosophy. Annual revenues and net earnings have grown at average annual compound growth rates of 15% and 25% respectively over the last decade.

Toromont's business units serve a number of markets that are diverse both geographically and by industry. Although the province of Ontario is the largest single market in terms of revenues, substantial sales are derived throughout North America and from offshore markets. Major customers participate in a broad range of industries from construction, infrastructure, steel, forestry and mining, to oil and gas, food and beverage processing, cold storage, recreation and co-generation. This diverse customer base has enabled Toromont to build its installed base of equipment, explore new markets and develop new products.



Approximately 70% of revenues in 2000 were derived from the Equipment Group business segment which sells, rents and services a broad range of construction equipment in Ontario, Newfoundland and Labrador through the Caterpillar dealership and Battlefield Equipment Rentals. Performance in this business segment is, amongst other factors, strongly related to the levels of activity in the residential and commercial construction, road building, aggregates, steel, forestry and mining industries. Other significant components of the Equipment Group include sales and product support activities for Caterpillar engines. These engines are employed in a variety of applications including on-highway trucks, industrial and marine applications, and co-generation facilities. The Refrigeration Group, through Toromont Process Systems and CIMCO, is a market leader in process, industrial and recreational refrigeration. Results in the Refrigeration Group are influenced by conditions in the major industrial markets in which it competes including food and beverage processing, cold storage, food distribution, and ice rink construction, as well as in major process refrigeration market segments spanning the chemical, petrochemical, natural gas and co-generation industries.

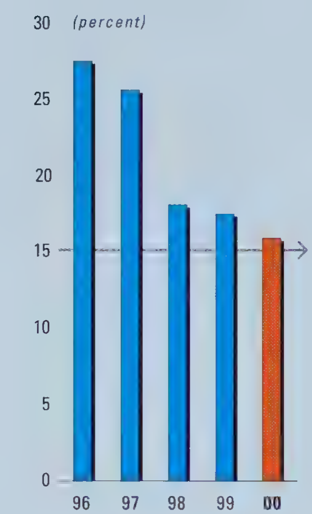
Operating Results

Sharply higher revenues and earnings in the fourth quarter overcame lower year-over-year earnings through the first nine months, producing another record year for the Company. Fourth quarter earnings of 43 cents per share were up considerably from the previous high of 35 cents reported in 1999.

The strong finish to the year was underscored by anticipated—but nonetheless substantial—gains from rental conversions within the Caterpillar dealership. Market share increased significantly, as did the installed base of equipment, enhancing product support opportunities in future years. Much improved market conditions for the process refrigeration operations and another outstanding year for Battlefield were key to achieving the record performance.

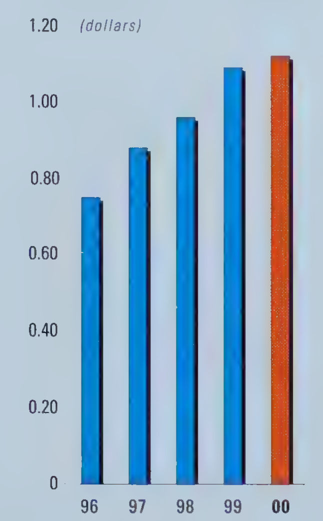
For the year, earnings per share increased to a new high of $1.12. Record operating income in both the Equipment Group and Refrigeration was partially offset by higher net financial expense, reflecting an energetic capital expenditure program in support of growth initiatives. The strike at the Caterpillar dealership reduced earnings by an estimated 6 cents in the second quarter with some negative impact continuing into the first few weeks of the third quarter as employees were recalled and repair shops returned to normal utilization.

Exceeding 15% Long-Term Target



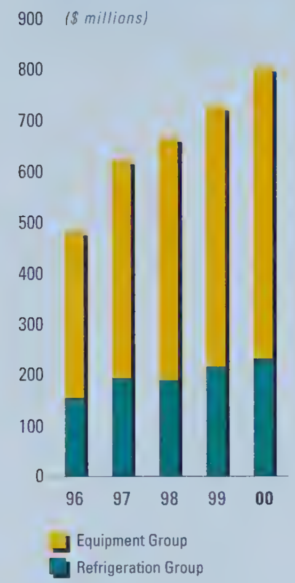
Return on Shareholders' Equity

Progressive Earnings Improvement



Earnings per Share

Two Platforms for Growth



Revenues

Revenues ($000s)	**2000**	1999	1998
Equipment Group	**$ 571,362**	$ 510,414	$ 476,136
Refrigeration	**229,102**	213,523	187,191
	$ 800,464	$ 723,937	$ 663,327

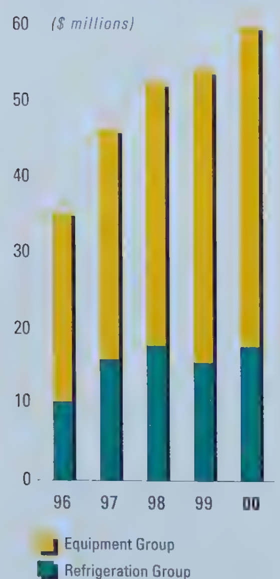
Consolidated revenues in 2000 were up 11% to reach the $800 million milestone. The Equipment Group reported a 12% increase to eclipse the previous high achieved in 1999, while Refrigeration revenues were up 7%.

The gross profit margin of 20.4% was up slightly from the 20.1% margin achieved in 1999. Improvement in product support margins in both the Equipment and Refrigeration Groups favourably influenced results. Margins on equipment sales and rentals were comparable to 1999, while the sales mix (lower component of product support business) had a modestly negative impact on Equipment Group margins.

Operating expenses of $103 million were up proportionately to the increase in revenues. Increases in the Battlefield and Process Refrigeration operations, both of which experienced dramatic increases in activity, accounted for more than 40% of the increase. Additional expenses were primarily attributable to planned enhancements to market coverage, sales support and customer service, and to expenses related to investments in facilities, training and information technology. Market share gains achieved by the Caterpillar dealership in 2000 were in part a result of these expenditures. Lastly, the strike at the Caterpillar dealership's service and remanufacturing facilities in Concord also resulted in incremental expenditures.

	2000		1999		1998	
Operating Income	**($000s)**	**% to Revenues**	($000s)	% to Revenues	($000s)	% to Revenues
Equipment Group	**$ 42,049**	**7.4**	$ 38,276	7.5	$ 34,466	7.2
Refrigeration	**17,627**	**7.7**	15,494	7.3	17,738	8.6
Consolidated	**$ 59,676**	**7.5**	$ 53,770	7.4	$ 52,204	7.6

Record Operating Profits



Consolidated Operating Income

Higher revenues translated into an 11% increase in consolidated operating income for 2000. The operating margin of 7.5% was comparable to the previous two years, and was up slightly from 1999 as a result of higher process refrigeration margins.

The $2.6 million increase in interest expense reflects a full year of interest charges for the first quarter, 1999 issue of $60 million in debentures, in addition to interest on the fixed-rate notes payable funded during the first three quarters of 2000. Lower average cash balances, resulting from increased working capital requirements and investments of $62 million in business acquisitions, new equipment, facilities and technology, resulted in lower interest and investment income relative to 1999.

Income tax expense of $23.5 million was comparable to the 1999 charge. The effective tax rate of 42.1% for 2000, compared to 42.3% for 1999, reflects the favourable impact of the rate reduction in the province of Ontario, effective May 2000.

Equipment Group

The dealership and Battlefield benefitted from strong economies in their territories during 2000. Revenues were 24% higher than 1999 in the fourth quarter and increased 12% for the full year. The Caterpillar dealership accounted for close to two-thirds of the absolute dollar increase in 2000, although Battlefield was up 40% and the dealership 8%. Greenfield start-ups and acquisitions accounted for less than half of Battlefield's revenue growth for the year. Two new rental services branches were opened during 2000, one in Ajax and one in Cambridge, and two locations in Ottawa were acquired. Same-store sales for Battlefield were up close to 25% for the full year.

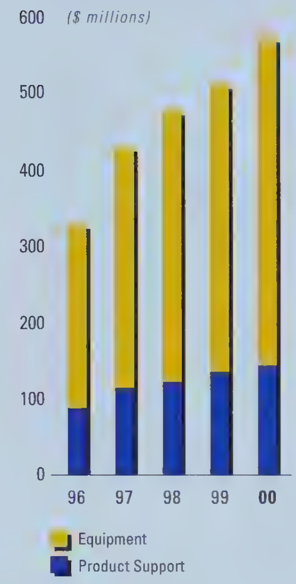
Dealership management targeted market share gains for 2000, and dedicated substantial manpower and financial resources to this challenge. Market share gains were attained, with the population of Caterpillar machinery in Toromont's territories receiving a solid boost from a record number of new units sold and rental units converted in 2000. The result is a larger installed base, which will build the more profitable product support (parts and service) business. Product support revenues increased just 3% for the year, but would have comfortably been at twice this rate without the strike. A broader product offering, continued emphasis on customer service agreements and a higher installed equipment base will continue to support this revenue source in coming years.

Tractor machine sales and rentals, representing over 75% of the dealership's machine revenues in 2000, were 14% higher than in 1999. Sales of new equipment were up 24% after having declined 8% in 1999; used equipment sales were down 10% in 2000 following growth of 20% in the previous two years combined. Rental income was at a record high and 35% higher than 1999, consistent with the record amounts of equipment on rent with purchase options in 2000. From an industry perspective, residential construction in Ontario was excellent. Activity in the commercial construction, road building and infrastructure sectors remained strong. Demand in the forestry and mining sectors has been weak for some time, and the steel industry has recently slowed down. From a geographic standpoint, revenues in the central and eastern Ontario regions were down 2% (strike impact) from the record level achieved in 1999, while northern Ontario, Southwest Ontario and Newfoundland all showed healthy increases overall.

Industrial engine package revenues, excluding those from co-generation projects sold to third parties or to Toromont Energy, were down 5% from 1999 which included a substantial amount of work related to year 2000 demand. Standby and remote power sales continue to be very active. Power systems (industrial and truck) product support revenues achieved a 6% increase, having reached a new high in each of the past five years.

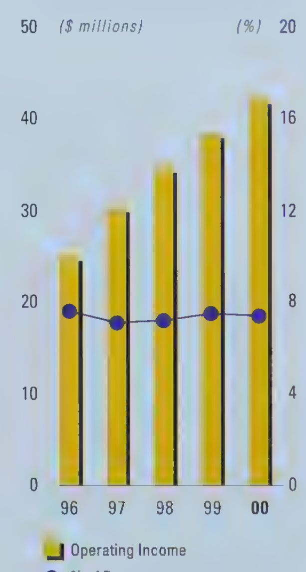
Equipment Group operating income was up dramatically in the fourth quarter, improving 54% to a record high of $16 million on 24% higher revenues. Strong conversion activity in the dealership and excellent results from Battlefield resulted in an operating profit margin of 9.3% for the fourth quarter compared to 7.5% for the comparable quarter in 1999. For the full year 2000, operating income increased 10% on the 12% higher revenues.

Building the Installed Base



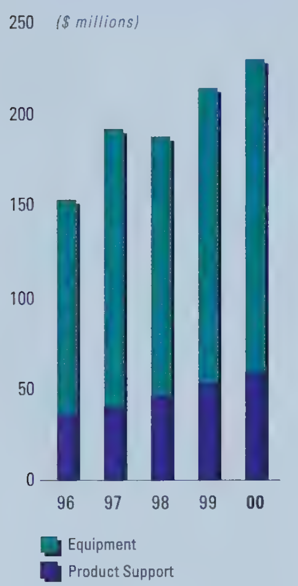
Equipment Group Revenues

Sustained Profitable Growth



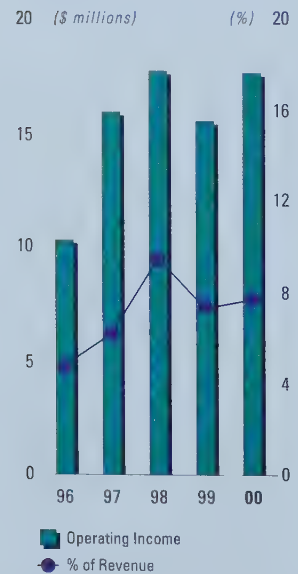
Equipment Group Operating Income

Leadership in Chosen Markets



Refrigeration Group Revenues

Improved Operating Performance



Refrigeration Group Operating Income

Equipment Group capital expenditures totalled $56 million in 2000. Battlefield expenditures of $40 million included $33 million in rental fleet additions, and $7 million of expenditures on greenfield facilities and delivery vehicles. Investment in power generation assets accounted for $9 million, bringing the Company's investment in these assets to $30 million at December 31, 2000. Capital expenditures in the Caterpillar dealership of $7 million consisted of investments in facilities, shop equipment, information technology and vehicles.

Refrigeration Group

Refrigeration revenues were up 7% to $229 million, following a 14% increase reported in 1999. A 35% increase in process refrigeration package sales more than offset weaker revenues in the industrial and recreational business, resulting in a 6% increase in package revenue. Product support revenues overall were 12% higher at $59 million, representing the third successive year of double-digit revenue growth. The increase relative to last year was stronger for the process operations (up 22%), while industrial and recreational achieved 7% higher sales (after a 17% increase in 1999).

Industrial and recreational, representing approximately 60% of the Group, reported a 5% decrease in billings, achieving its second highest ever year of revenues. While most segments of the industrial market remained quite active, the shortfall was attributable to the absence of large-scale industrial projects in 2000. The 1999 revenues included the very large Maple Leaf Foods order in addition to several other large projects for food distribution companies (which together boosted the overall revenue increase to 32% for 1999). While the industrial sector was softer, recreational package sales were up considerably on very strong activity in both Ontario and Alberta. Backlogs overall going into 2001 are comparable to those of a year ago.

After a two-year downturn, higher gas prices drove very strong order activity for natural gas compression equipment supplied by the Canadian process operation. Demand accelerated as the year progressed, and the fourth quarter benefitted from a large number of new orders received with short delivery timeframes. Shop loading in the U.S. operation was up year-over-year, but not to the extent seen in Canada. A substantial portion of the revenues for the U.S. process business have historically been derived from large-scale chemical and petrochemical projects with longer lead times. Typically, demand in this segment builds more gradually as markets and oil and petrochemical prices strengthen. The equipment order backlog for the process operations ended the year 40% higher than a year ago. Product support growth of 22% overall was the result of considerable growth on both sides of the border, with the Calgary and Houston operations reporting increases of 32% and 18% respectively.

Operating income of $18 million overall for the Refrigeration Group was 14% higher than 1999 on the 7% higher revenues. Relative to sales, operating income improved to 7.7% from the 7.3% reported in 1999. The improvement came exclusively from the process refrigeration operations, with the Canadian operation in particular being much higher on the strength of excellent natural gas markets. U.S. process refrigeration also improved, while the industrial sector was down on lower revenues.

Capital expenditures in the Refrigeration Group were less than $2 million in 2000 (comparable to the 1999 level). Investment in shop equipment and information systems development across the various business units again represented the majority of expenditures.

Liquidity and Capital Resources

Toromont further reinforced its strong financial position during 2000. On the strength of another year of substantial earnings, equity increased 7% to $218 million after a healthy dividend payout and significant share repurchases under the Normal Course Issuer Bid. Short-term financing is primarily sourced from internally generated funds, complemented by draws on credit facilities. The unsecured debt financing increased the supply of credit inclusive of bank lines to $243 million at December 31, 2000, of which $76 million was unutilized. All of the Company's debt is fixed at rates averaging 6.7% and maturities through 2019. In addition to the unutilized credit facilities, the Company had cash and short-term investments of $55 million at year-end. At December 31, 2000, total debt net of cash and short-term investments to shareholders' equity was 0.5:1.

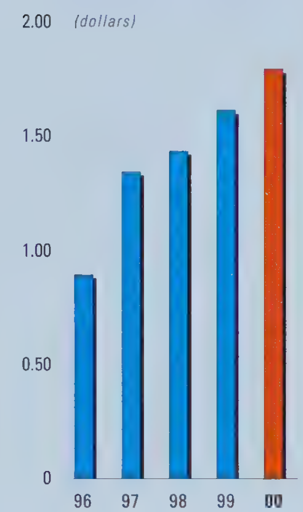
Operating activities continued to be a major source of funds in 2000, with cash from operations at a record $52 million ($1.79 per share). Change in non-cash working capital used $40 million in cash, reflecting the increase in equipment inventories in the Caterpillar dealership. Despite very strong fourth quarter conversion activity, the Dealership ended the year with a record amount of equipment out on rent with a purchase option (almost 50% higher than year-end 1999), which should bode well for future periods. Cash from operations, net of working capital investments, generated $12 million in cash.

Capital Expenditures ($000s)	2000	1999	1998
Property, plant & equipment	**$ 15,626**	$ 15,053	$ 18,643
Rental equipment	**33,506**	16,510	16,064
Power generation assets	**8,836**	20,583	1,600
Total	**$ 57,968**	$ 52,146	$ 36,307

Capital expenditures of $58 million for 2000 were comprised of $16 million in property, plant and equipment, more than $33 million in rental fleet, and the balance in power generation assets. Rental fleet additions were significantly higher than each of the two previous years, largely due to additions of new Caterpillar products, strong rental demand generally and the stocking of the rental fleet in the four new Ontario locations. Additions to power generation assets included a 7.8 megawatt combined heat and power generation project near Trenton, Ontario. Total capital expenditures, net of sale proceeds were $50 million in 2000 compared to $46 million in 1999.

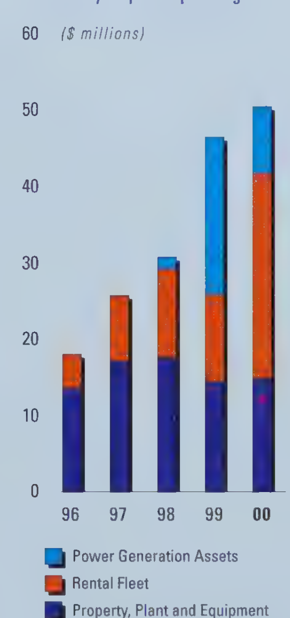
Plans for 2001, assuming stable market conditions, contemplate combined expenditures on property, plant and equipment and rental fleet comparable to the year 2000. Capital commitments to power projects will depend on developments in electricity markets and projected investment returns.

Strong Cash from Operations



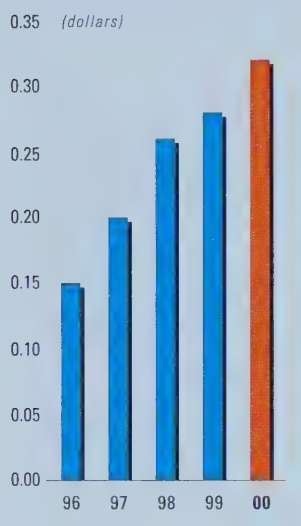
Operating Cash Flow per Share

Healthy Capital Spending



Capital Expenditures, Net

Steadily Increasing Dividends



Dividends per Share

Financing activities resulted in an overall net cash inflow of $28 million for 2000. Proceeds from $50 million of long-term financing, net of $4 million in repayments by year-end, were partially offset by $9 million in dividends paid to shareholders, and $9 million in shares purchased for cancellation and settlement of options. The Company repurchased and cancelled 431,500 shares under its Normal Course Issuer Bid during 2000 at an average price of approximately $15 per share.

Toromont pays quarterly dividends on its outstanding common shares, a policy which is reviewed on an ongoing basis based upon earnings prospects, financial requirements and general economic circumstances. The year 2000 represented the eleventh consecutive year of higher dividend payout (14% higher than 1999), and the thirty-second year of consecutive dividends. The Company recently announced a 6% increase in the regular quarterly dividend effective April 2, 2001, maintaining its target payout of approximately 30% of trailing earnings.

Risks and Uncertainties

Toromont's financial performance may be impacted either favourably or adversely by certain factors that may affect one or more of its business segments. The following paragraphs review key business risks and uncertainties.

Business Cycle

Historically, expenditures on capital goods have been cyclical in nature, reflecting interest rates, consumer and business confidence, corporate profitability and the availability of equity capital. Toromont's business has been diversified across a wide range of industry market segments and geographic territories as a means to moderate the effects of business cycles on consolidated results. Across both operating segments, the Company has focused on the sale of specialized equipment that requires ongoing support through parts distribution and skilled service personnel. Achieving improvements in market share has been, and will continue to be, fundamental to growing the installed base of equipment. These strategies should mitigate downturns in the business cycle. The product support business contributes significantly higher profit margins and is subject to less volatility than equipment supply activities.

Interest Rates

Interest rate risk has been reduced through the use of swap agreements with traditional banking sources, and a balance of medium and long-term debt at fixed rates. The Company utilizes centralized cash management systems in Canada and the United States to mobilize cash, minimize short-term interest expense and ensure control over its cash resources. Excess cash is invested to optimize returns until the funds are required.

Currency Fluctuations

The Caterpillar dealership and equipment rental operations source the majority of their products from the United States. In addition, the Canadian Refrigeration business units purchase certain raw materials

and components from suppliers in the United States and Japan. Consequently, reported costs of inventory and the transaction prices charged to customers for equipment and parts are affected by the relative strength of the Canadian dollar. Pricing to the Caterpillar dealership's customers is adjusted to reflect changes in the Canadian dollar landed cost of products from Caterpillar Inc., although sustained weakness in the Canadian dollar could adversely affect margins in the short term. Refrigeration business units are also generally able to recover the cost of exchange rate movements through adjustments to selling prices.

Fluctuations in the value of the United States dollar relative to the Canadian dollar also impact Toromont's consolidated financial reporting, as the financial results of subsidiaries in the United States are translated into Canadian dollars upon consolidation. However, such exchange rate fluctuations have historically not been material relative to the overall earnings or financial position of the Company.

Product and Supply

The majority of the Caterpillar dealership's revenues and product support activities involve Caterpillar products. Since acquiring its first territory in 1993, Toromont has maintained an excellent relationship with Caterpillar. Management expects this will continue going forward.

Outlook

Growth in the North American economy is slowing. This is evidenced by slower sales and production in the auto industry, weakness in the steel sector, cutbacks in high-tech industries, reductions in credit availability and volatility in financial markets. Management is guarded about prospects for 2001.

In the Equipment Group's markets, road construction in both Ontario and Newfoundland continues to be brisk. Strength in residential and commercial construction is also expected to extend into 2001. This should sustain customers' machine utilization levels in these sectors.

In the Refrigeration Group, strong energy prices should deliver an excellent year for the Canadian process refrigeration operation, while the industrial and recreational operations expect revenue growth from a better market for industrial packages and another good year of recreational demand.

Bolstered by a conservative financial posture and strong operating platform, Toromont is positioned to weather a downturn, to aggressively participate in the markets it serves, and to capitalize on expansion opportunities that typically arise for well-financed companies during slowdowns. The Company will continue to explore reasonably priced acquisitions that will complement its strategy and contribute to profitable growth.

Toromont will strive to extend its long-term track record of above-average performance by maintaining a strong balance sheet and achieving a minimum 15% return on shareholders' equity through the business cycle. This will nurture a strong market following and a readily available and efficient supply of capital to support growth initiatives and build shareholder value over the long term. Share buybacks will be made under the Company's Normal Course Issuer Bid as purchase opportunities arise.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Company. The consolidated financial statements were prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial statements.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that accounting records are reliable and its assets are safeguarded.

The Audit Committee, which is comprised exclusively of outside directors, is appointed annually by the Board of Directors. The Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by Ernst & Young LLP on behalf of the shareholders, in accordance with auditing standards generally accepted in Canada. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.

WAYNE S. HILL, *Vice President, Finance and Chief Financial Officer*
January 22, 2001

AUDITORS' REPORT

To the Shareholders of Toromont Industries Ltd.

We have audited the consolidated balance sheets of Toromont Industries Ltd. as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

TORONTO, CANADA
January 22, 2001

ERNST & YOUNG LLP
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

December 31

Thousands	2000	1999
Assets		
Current assets		
Cash and cash equivalents	$ 21,800	$ 11,082
Short-term investments	33,650	67,755
Accounts receivable	151,084	122,954
Inventories (Note 3)	207,962	177,094
Future income taxes	6,920	6,684
Other current assets	6,569	3,513
Total current assets	427,985	389,082
Property, plant and equipment (Note 4a)	83,219	79,129
Rental equipment (Note 4b)	59,886	37,373
Power generation assets (Note 4c)	30,236	21,997
Other assets	12,461	3,620
	$ 613,787	$ 531,201
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 215,614	$ 187,736
Current portion of long-term debt (Note 5)	9,150	—
Income taxes payable	9,815	17,424
Total current liabilities	234,579	205,160
Long-term debt (Note 5)	157,187	120,000
Future income taxes	3,808	2,979
Shareholders' Equity		
Share capital (Note 7)	28,162	28,074
Retained earnings	188,411	174,040
Currency translation adjustment	1,640	948
Total shareholders' equity	218,213	203,062
	$ 613,787	$ 531,201

See accompanying notes

Approved by the Board:

ROBERT M. OGILVIE
Director

JOHN S. McCALLUM
Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years Ended December 31

Thousands, except share amounts	2000	1999
Revenues	$ 800,464	$ 723,937
Cost of goods sold	637,349	578,232
Gross profit	163,115	145,705
Selling and administrative expenses	103,439	91,935
Operating Income	59,676	53,770
Interest expense (Note 5)	10,995	8,366
Interest and investment income	(7,198)	(10,140)
Income before income taxes	55,879	55,544
Income taxes (Note 8)	23,534	23,487
Net Earnings	$ 32,345	$ 32,057
Earnings per share (Note 7)		
Basic	$ 1.12	$ 1.09
Fully diluted	$ 1.08	$ 1.05
Weighted Average Shares	28,953,200	29,344,114

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years Ended December 31

Thousands	2000	1999
Retained earnings, beginning of year	$ 174,040	$ 153,416
Net earnings	32,345	32,057
	206,385	185,473
Dividends	9,257	8,213
Settlement of options (net of taxes of $2,001; 1999 – $567)	2,584	813
Shares purchased for cancellation (Note 7)	6,133	2,407
Retained earnings, end of year	$ 188,411	$ 174,040

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31

Thousands	2000	1999
Sources (Uses) of Cash		
Operating Activities		
Net earnings	$ 32,345	$ 32,057
Items not requiring cash		
Depreciation	20,380	15,898
Future income taxes	829	578
Gain on sale of rental equipment and property, plant and equipment	(1,664)	(1,343)
	51,890	47,190
Change in non-cash working capital and other	(40,126)	12,405
	11,764	59,595
Investment Activities		
Additions to rental equipment	(33,506)	(16,510)
Additions to property, plant and equipment	(15,626)	(15,053)
Additions to power generation assets	(8,836)	(20,583)
Increase in other assets	(8,841)	(2,377)
Business acquisitions (Note 2)	(4,337)	—
Short-term investments	34,105	(45,387)
Sale of rental equipment	6,670	5,218
Sale of property, plant and equipment	874	502
	(29,497)	(94,190)
Financing Activities		
Decrease in bank indebtedness	—	(8,940)
Dividends	(9,257)	(8,213)
Shares purchased for cancellation (Note 7)	(6,547)	(2,571)
Settlement of options	(2,584)	(813)
Issue of long-term debt, net of repayments (Note 5)	46,337	60,000
Shares issued on exercise of options (Note 7)	502	—
	28,451	39,463
Cash		
Increase during year	10,718	4,868
Beginning of year	11,082	6,214
End of year	$ 21,800	$ 11,082
Supplemental Cash Flow Information		
Interest paid	$ 10,046	$ 7,394
Income taxes paid	$ 29,388	$ 12,288

See accompanying notes

December 31, 2000 and 1999

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company proportionately consolidates its 50% investment in Sudbury District Energy Corporation. Significant transactions and profits between the Company and its subsidiaries have been eliminated.

Translation of Foreign Currencies

The accounts of foreign subsidiaries are translated into Canadian funds using current rates of exchange for assets and liabilities and average rates for revenue and expense. The unrealized translation gains or losses arising on the net investment in these operations are accumulated in the currency translation adjustment account in shareholders' equity.

Revenue Recognition

Revenues from equipment supply involving design, manufacture and installation are recorded on the completed contract method based upon substantial technical completion. Any foreseeable losses on such projects are charged to operations at the time they become evident.

Revenues from equipment sales are recorded upon shipment of equipment. Equipment rental revenues are recognized as earned.

Revenues from the sale or transfer of manufactured products, parts and services are recorded when goods are shipped and services are rendered.

Income Taxes

The Company follows the liability method of accounting for income taxes in accordance with the Canadian Institute of Chartered Accountants' new income tax standard. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. The financial impact of adopting these recommendations was not material to the financial statements.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on a specific item, actual cost basis. Repair and distribution parts are recorded at the lower of cost (weighted average) and net realizable value.

Property, Plant and Equipment, Rental Equipment and Power Generation Assets

Property, plant and equipment are recorded at cost. Depreciation is provided principally using the straight-line method over the estimated useful lives of the various classes of assets as follows:

Buildings	20 – 30 years
Machinery	3 – 10 years
Information technology assets	3 years
Furniture and fixtures	3 – 5 years
Vehicles	3 – 5 years

Rental equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the equipment, which range from 1 to 10 years. Power generation assets are recorded at cost. Depreciation is provided using the straight-line method over 20 years.

2. BUSINESS ACQUISITIONS

During 2000, the assets of two rental equipment businesses were purchased for cash. The acquisitions were accounted for using the purchase method and are included in the accounts of the Company from the dates of acquisition, summarized as follows:

Thousands	2000
Current assets	$ 1,203
Rental fleet and other capital assets	3,134
Total consideration	$ 4,337

3. INVENTORIES

Thousands	2000	1999
Equipment	$ 163,160	$ 134,969
Repair and distribution parts	34,402	30,803
Raw material	9,244	5,263
Work-in-process	17,851	23,929
Progress billings and deposits	(16,695)	(17,870)
	$ 207,962	$ 177,094

4. CAPITAL ASSETS

	2000			1999		
Thousands	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
a. Property, plant and equipment						
Land	$ 18,433	$ —	$ 18,433	$ 17,347	$ —	$ 17,347
Buildings	61,380	14,008	47,372	57,019	11,169	45,850
Equipment	55,552	38,138	17,414	49,257	33,325	15,932
	$ 135,365	$ 52,146	$ 83,219	$ 123,623	$ 44,494	$ 79,129
b. Rental equipment	$ 82,015	$ 22,129	$ 59,886	$ 53,176	$ 15,803	$ 37,373
c. Power generation assets	$ 31,019	$ 783	$ 30,236	$ 22,183	$ 186	$ 21,997

5. BANK INDEBTEDNESS AND LONG-TERM DEBT

Thousands	2000	1999
Bank indebtedness	$ —	$ —
Long-term debt		
– Drawn on bank term facility	30,000	30,000
– Senior Debentures	90,000	90,000
– Notes payable	46,337	—
	166,337	120,000
Less current portion of notes payable	9,150	—
Total long-term debt	$ 157,187	$ 120,000

All debt is unsecured.

The Company maintains $107,000,000 in bank credit facilities. The credit lines are comprised of a $30,000,000 term facility maturing on September 1, 2002, and $77,000,000 in operating facilities which are repayable on demand and bear interest at rates ranging from prime to bankers acceptance rates. $30,000,000 was drawn on bank lines at December 31, 2000 (1999 – $30,000,000). Standby letters of credit issued in lieu of holdbacks utilized an additional $1,330,000 of the credit lines at December 31, 2000 (1999 – $2,549,000).

Terms of the $90 million of Senior Debentures are:

- $30 million, 8.17% Senior Debentures due September 18, 2008, with interest payable semi-annually through September 18, 2004; thereafter, blended principal and interest payments through to maturity.
- $45 million, 6.80% Senior Debentures due March 29, 2011, with interest payable semi-annually through March 29, 2007; thereafter, blended principal and interest payments through to maturity.
- $15 million, 7.06% Senior Debentures due March 29, 2019, with interest payable semi-annually through September 29, 2009; thereafter, blended principal and interest payments through to maturity.

Notes payable bear interest at 5.5%, with blended semi-annual payments of principal and interest, and final maturities in 2005.

The above credit arrangements include covenants, restrictions and events of default usual in credit facilities of this nature, including requirements to meet certain financial tests periodically and restrictions on additional indebtedness and encumbrances.

Scheduled principal repayments of long-term debt are as follows:

Thousands	
2001	$ 9,150
2002	39,660
2003	10,198
2004	13,592
2005	12,563
2006 to 2019	81,174

Interest expense includes interest on debt initially incurred for a term greater than one year of $10,621,000 in 2000 (1999 – $7,354,000).

6. FINANCIAL INSTRUMENTS

Based on the amount that would be paid to hypothetically exchange the debt agreements at the reporting date, the fair value of the $90 million Senior Debentures at December 31, 2000 was $86,912,000 (1999 – fair value of $87,991,000) and the fair value of the $46,337,000 notes payable at December 31, 2000 was $44,831,000. The Company has no plans to unwind any of its long-term debt commitments prior to maturity.

There is no significant concentration of credit risk with counterparties. Derivative instruments are undertaken only to hedge specific financial transactions and not for speculative purposes. Hedging activities are contracted with Canadian Schedule A chartered banks as counterparties. Transactions are limited to the following:

Foreign Exchange Contracts

In the normal course of business, foreign exchange contracts are entered into with financial institutions to hedge the value of foreign currency denominated assets, liabilities or future commitments. Gains and losses arising from these contracts offset the losses and gains from the underlying hedged transactions. At December 31, 2000, foreign exchange contracts were outstanding to purchase US$49,233,000 against future commitments at an average rate of 1.49 (1999 – US$23,139,000 at 1.46). The related unrealized gains or losses for such contracts were not material for either year presented.

Interest Rate Swap Agreements

At December 31, 2000 and 1999, $30 million of interest rate swap agreements were outstanding with the Company's Canadian chartered banks. These transactions mature September 1, 2008, and provide fixed rate financing at 5.88% in exchange for floating rate obligations. The fair value of the swaps outstanding at December 31, 2000 was $332,000 in favour of the counterparty (1999 – $1,206,000 in favour of the Company).

7. SHARE CAPITAL

Share capital consists of an unlimited number of authorized preferred and common shares.

Share capital transactions are summarized as follows:

	2000		1999	
	Number of Shares	Amount *(Thousands)*	Number of Shares	Amount *(Thousands)*
Balance, beginning of year	29,288,098	$ 28,074	29,458,210	$ 28,238
Exercise of stock options	119,100	502	—	—
Purchase of shares for cancellation	(431,500)	(414)	(170,112)	(164)
Balance, end of year	28,975,698	$ 28,162	29,288,098	$ 28,074

Executive Stock Option Plan

The aggregate number of common shares that may be issued by the Company upon the exercise of options is limited by the Plan to 2,920,000. Options are vested at 20% of the number of shares granted under option in each year subsequent to the grant date. The exercise price of each option is fixed at prevailing market prices of the common shares at the date the option is granted. The holder of options has the right to elect either to exercise options by purchasing shares at the exercise price, or upon the Company's approval, surrender the options and receive a cash payment equal to the difference between the then current market price and the price of the options.

A reconciliation of the changes in stock options outstanding during the years ending December 31, 2000 and 1999, and the balance of options exercisable at those dates, is presented below:

	2000		1999	
Stock Options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	2,247,300	$ 9.28	2,125,900	$ 8.50
Granted	260,500	14.57	234,500	14.17
Exercised or surrendered for cash	(444,700)	4.79	(101,900)	4.04
Forfeited	(16,000)	14.20	(11,200)	11.71
Outstanding at end of year	2,047,100	$ 10.89	2,247,300	$ 9.28
Options exercisable at year-end	1,217,000		1,290,880	

The following table provides further detail with respect to the options outstanding and the options exercisable at December 31, 2000:

Options Outstanding			Options Exercisable	
Number Outstanding at Dec. 31, 2000	Weighted-Average Remaining Life in Years	Weighted-Average Exercise Price	Number Exercisable at Dec. 31, 2000	Weighted-Average Exercise Price
56,000	0.1	$ 4.24	56,000	$ 4.24
406,000	1.1	5.76	406,000	5.76
458,000	2.1	7.44	366,400	7.44
412,000	3.1	13.35	247,200	13.35
20,000	3.3	13.47	12,000	13.47
230,200	5.1	14.17	46,040	14.17
256,500	6.1	14.57	—	14.57
192,400	4.1	16.53	76,960	16.53
16,000	4.3	22.44	6,400	22.44
2,047,100	3.1	$ 10.89	1,217,000	$ 8.90

8. INCOME TAXES

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets and liabilities are as follows:

Thousands	2000	1999
Future income tax assets		
Accrued liabilities	$ 8,031	$ 7,144
Deferred revenue	4,593	4,916
Inventories	(5,704)	(5,376)
Future income tax assets	$ 6,920	$ 6,684
Future income tax liabilities		
Capital assets	$ 4,472	$ 3,042
Other	(664)	(63)
Future income tax liabilities	$ 3,808	$ 2,979

The effective income tax rate on earnings is influenced from year to year by the geographic and business mix of consolidated earnings.

A reconciliation of income taxes calculated using a combined Canadian federal and provincial tax rate with the income tax provision in the consolidated financial statements follows:

Thousands	2000	1999
Income taxes at Canadian rate	$ 24,558	$ 24,784
Difference between Canadian rate and rates applicable to U.S. subsidiaries	(60)	(106)
Reduction of Canadian taxes applicable to manufacturing profits	(910)	(1,095)
Other	(54)	(96)
Provision for income taxes	$ 23,534	$ 23,487
Current income taxes	22,488	21,464
Future income taxes	$ 1,046	$ 2,023

9. COMMITMENTS

Certain land, buildings and equipment are leased under several non-cancellable operating leases which require minimum annual payments as follows:

Thousands	
2001	$ 4,234
2002	3,538
2003	1,618
2004	729
2005	140
2006 and subsequent years	430

10. EMPLOYEE RETIREMENT PLANS

The Company sponsors pension arrangements for substantially all of its employees, principally through defined contribution plans in Canada and a 401(k) matched savings plan in the United States. The Company makes regular contributions to the employees' individual accounts, which are administered by a plan trustee, in accordance with the plan document. The costs of these Company-sponsored plans, which are expensed as incurred, totalled $3,796,000 in 2000 (1999 – $3,332,000). Certain of the Company's unionized employees do not participate in Company-sponsored plans, and the Company contributes to union-sponsored plans for these employees in accordance with local collective bargaining agreements.

11. SEGMENTED FINANCIAL INFORMATION

The Company operates in Canada and the United States and in two reportable operating segments. The Equipment Group sells and services heavy equipment and also provides a range of rental equipment and contractors' supplies for all facets of construction activities. Refrigeration encompasses the supply of industrial and process refrigeration systems and service for a broad range of applications. The service operations of all the segments include distribution of related parts.

Operating Segments	Equipment Group		Refrigeration Group		Total	
Thousands	**2000**	1999	**2000**	1999	**2000**	1999
Revenues	**$ 571,362**	$ 510,414	**$ 229,102**	$ 213,523	**$ 800,464**	$ 723,937
Operating income	**42,049**	38,276	**17,627**	15,494	**59,676**	53,770
Interest expense					**(10,995)**	(8,366)
Interest and investment income					**7,198**	10,140
Income taxes					**(23,534)**	(23,487)
Net earnings					**$ 32,345**	$ 32,057
Identifiable assets	**$ 476,734**	$ 374,993	**$ 75,883**	$ 71,668	**$ 552,617**	$ 446,661
Corporate assets					**61,170**	84,540
Total assets					**$ 613,787**	$ 531,201
Capital expenditures	**$ 56,113**	$ 50,654	**$ 1,855**	$ 1,492	**$ 57,968**	$ 52,146
Depreciation	**$ 18,012**	$ 13,485	**$ 2,368**	$ 2,413	**$ 20,380**	$ 15,898

Revenues from Canadian operations totalled $723,331,000 in 2000 (1999 – $657,232,000), of which export revenues in 2000 were $28,858,000 (1999 – $31,338,000). Property, plant and equipment, rental equipment and power generation assets in the Canadian operations totalled $166,567,000 at December 31, 2000 (1999 – $131,409,000). U.S. operations contributed revenues of $77,133,000 in 2000 (1999 – $66,705,000) including export revenues of $12,948,000 in 2000 (1999 – $5,261,000). Property, plant and equipment in the U.S. operations totalled $6,774,000 in 2000 (1999 – $7,090,000).

12. ECONOMIC RELATIONSHIP

The Company, through its Caterpillar dealerships, sells and services heavy equipment and related parts. Distribution agreements are maintained with several equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar Inc. The distribution and servicing of Caterpillar products account for the major portion of the dealerships' operations.

13. COMPARATIVE AMOUNTS

Certain comparative numbers have been reclassified to conform to the presentation in the current year.

SUMMARY OF QUARTERLY DATA

Unaudited

Thousands, except share data

Fiscal 2000	Q1	Q2	Q3	Q4	Year
Revenues	$ 173,753	$ 200,843	$ 199,170	$ 226,698	$ 800,464
Net earnings	4,306	7,042	8,609	12,388	32,345
Basic earnings per share	$ 0.15	$ 0.24	$ 0.30	$ 0.43	$ 1.12

Fiscal 1999	Q1	Q2	Q3	Q4	Year
Revenues	$ 152,967	$ 192,761	$ 186,879	$ 191,330	$ 723,937
Net earnings	4,191	7,863	9,581	10,422	32,057
Basic earnings per share	$ 0.14	$ 0.27	$ 0.33	$ 0.35	$ 1.09

	2000	1999	1998
Operating Results *Thousands of dollars*			
Revenues	**800,464**	723,937	683,482
Net earnings from continuing operations	**32,345**	32,057	28,242
Unusual items	—	—	9,946
Net earnings	**32,345**	32,057	38,188
Interest expense, net	**3,797**	(1,774)	1,910
Depreciation	**20,380**	15,898	14,900
Capital expenditures	**57,968**	52,146	36,307
Dividends declared	**9,257**	8,213	7,650
Financial Position *Thousands of dollars*			
Working capital	**193,406**	183,922	144,109
Capital assets	**173,341**	138,499	106,628
Total assets	**613,787**	531,201	442,972
Long-term debt	**157,187**	120,000	60,000
Shareholders' equity	**218,213**	203,062	183,596
Financial Ratios			
Working capital	**1.8:1**	1.9:1	1.8:1
Return on opening shareholders' equity (%)	**15.9**	17.5	24.5
Long-term debt to shareholders' equity	**.7:1**	.6:1	.3:1
Per Share Data ($)			
Earnings from continuing operations	**1.12**	1.09	0.96
Unusual items	—	—	0.34
Net earnings	**1.12**	1.09	1.30
Dividends declared	**0.32**	0.28	0.26
Equity	**7.53**	6.93	6.23
Shares outstanding at year-end	**28,975,698**	29,288,098	29,458,210
Price range			
– High	**20.75**	19.90	23.00
– Low	**13.80**	13.75	14.25
– Close	**17.50**	16.25	15.75

Notes

[1] Includes the results of Newfoundland Tractor from November 1, 1996.

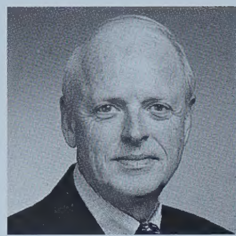
[2] Includes the results of the Ontario Caterpillar Dealership from August 1, 1993, 51% of Enerflex Systems Ltd. to September 21, 1993 and 30% of earnings for the remainder of 1993.

[3] Includes special dividend of $0.063 per share.

1997	1996[1]	1995	1994	1993[2]	1992	1991	1990
684,716	542,477	496,648	416,489	279,050	184,285	185,629	192,083
25,674	21,905	19,521	17,336	6,460	3,454	3,322	3,520
35,159	—	—	—	1,302	—	—	—
60,833	21,905	19,521	17,336	7,762	3,454	3,322	3,520
2,424	5,213	3,061	3,651	3,396	2,501	2,658	3,522
11,667	10,327	6,772	6,334	4,867	3,807	3,501	2,619
29,627	20,632	9,373	22,004	5,303	6,564	5,325	8,070
5,859	4,382	3,757	2,312	1,680	2,874[3]	1,306	1,281
138,458	96,294	71,001	63,660	63,401	23,428	20,476	19,384
84,831	68,132	34,179	31,772	16,960	22,737	22,540	22,449
434,341	318,287	262,616	211,531	146,585	86,562	76,316	85,163
60,000	60,806	41,240	42,625	40,000	17,614	16,337	19,658
155,821	100,305	79,680	64,460	48,909	25,958	24,797	22,700
1.7:1	1.6:1	1.5:1	1.6:1	2.2:1	1.8:1	1.9:1	1.6:1
60.6	27.5	30.3	35.4	23.5	13.9	14.6	16.9
.4:1	.6:1	.5:1	.7:1	.8:1	.7:1	.7:1	.9:1
0.88	0.75	0.68	0.60	0.25	0.15	0.14	0.15
1.20	—	—	—	0.05	—	—	—
2.08	0.75	0.68	0.60	0.30	0.15	0.14	0.15
0.20	0.15	0.13	0.08	0.07	0.12[3]	0.06	0.06
5.30	3.43	2.76	2.23	1.69	1.10	1.05	0.96
29,398,868	29,268,268	28,878,168	28,900,168	28,900,168	23,700,168	23,716,968	23,636,968
18.40	13.63	8.63	6.69	4.30	2.00	1.74	1.56
12.68	7.13	5.56	4.10	1.97	1.56	1.28	1.13
16.50	13.38	7.38	6.69	4.19	2.00	1.56	1.38

THE BOARD OF DIRECTORS

●▲■
ROBERT M. FRANKLIN
Chairman
Placer Dome Inc.
Toronto, Ontario



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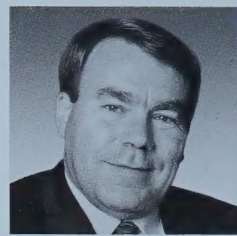
RONALD G. GAGE, FCA
Corporate Director
Toronto, Ontario

Chairman
Corporate Governance Committee

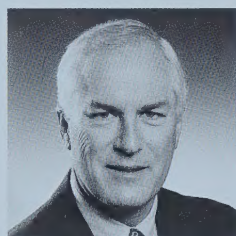
WAYNE S. HILL
Vice President, Finance and Chief Financial Officer
Toromont Industries Ltd.
Toronto, Ontario



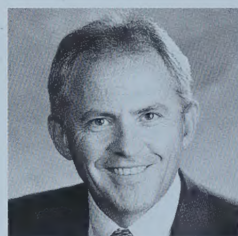
▲■
H. STANLEY MARSHALL
President and Chief Executive Officer
Fortis Inc.
Topsail, Newfoundland

●■
JOHN S. MCCALLUM
Professor,
Faculty of Management
University of Manitoba
Winnipeg, Manitoba

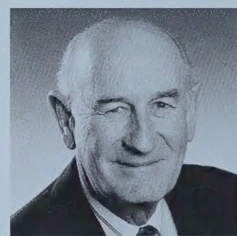
Chairman
Audit Committee



ROBERT M. OGILVIE
Chairman and Chief Executive Officer
Toromont Industries Ltd.
Caledon East, Ontario



HUGO T. SØRENSEN
President and Chief Operating Officer
Toromont Industries Ltd.
Caledon East, Ontario



●▲■
RONALD G. WILLOX
Toronto, Ontario
Lead Director

Chairman
Human Resources and Compensation Committee

OFFICERS OF THE CORPORATION

ROBERT M. OGILVIE
Chairman and Chief Executive Officer
robertmogilvie@toromont.com

HUGO T. SØRENSEN
President and Chief Operating Officer
hsorensen@toromont.com

WAYNE S. HILL
Vice President, Finance and Chief Financial Officer
whill@toromont.com

● Member of Audit Committee

▲ Member of Human Resources & Compensation Committee

■ Member of Corporate Governance Committee

EQUIPMENT GROUP

Toromont CAT

3131 Highway 7 West
P.O. Box 5511
Concord, Ontario
L4K 1B7
Tel: (416) 667-5511
Fax: (416) 667-5555
H.T. SØRENSEN
President

Toromont Energy

151 Corstate Avenue
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L4K 4Y2
Tel: (416) 667-5600
Fax: (416) 667-5694
J.E.L. FARROW
President

Battlefield Equipment Rentals

880 South Service Road
Stoney Creek, Ontario
L8H 7S8
Tel: (905) 577-7777
Fax: (905) 643-6008
R.B. CASSON
President

REFRIGERATION GROUP

Aero Tech Mfg. Inc.

395 West 1100 North
North Salt Lake, Utah 84054
Tel: (801) 292-0493
Fax: (801) 292-9908
T.J. RILEY
President

CIMCO Refrigeration

65 Villiers Street
Toronto, Ontario
M5A 3S1
Tel: (416) 465-7581
Fax: (416) 465-8815
S.D. MCLEOD
President

Lewis Refrigeration Co.

200 Maplewood Street
Malden, Massachusetts 02148
Tel: (781) 322-7460
Fax: (781) 324-9637
S.D. MCLEOD
President

Toromont Process Systems

3615 - 34th Street N.E.
Calgary, Alberta
T1Y 6Z8
Tel: (403) 291-3438
Fax: (403) 291-3443
D.F. DUNCAN
President

Toromont Process Systems Inc.

10815 Telge Road
Houston, Texas 77095
Tel: (281) 345-9300
Fax: (281) 345-7434
D.F. DUNCAN
President

ANNUAL MEETING

The Annual Meeting of Shareholders of Toromont Industries Ltd.
will be held at 10:00 a.m. on Wednesday, April 11, 2001
in the Auditorium,
Toronto Stock Exchange Conference Centre
The Exchange Tower
130 King Street West
Toronto, Ontario

How to get in touch with Toromont

BY TELEPHONE: (416) 667-5511

BY FAX: (416) 667-5555

BY E-MAIL: investorrelations@toromont.com

THE INTERNET: www.toromont.com

TRANSFER AGENT AND REGISTRAR:
Investors are encouraged to contact CIBC Mellon Trust for information regarding their security holdings. They can be reached at:

CIBC Mellon Trust
320 Bay Street
Toronto, Ontario M5H 4A6

ANSWER LINE: (416) 643-5500 or toll-free throughout North America at 1-800-387-0825

INTERNET ADDRESS: www.cibcmellon.com (web site) or inquiries@cibcmellon.com (e-mail)

COMMON SHARES: Listed on The Toronto Stock Exchange
Stock Symbol–**TIH**

TOROMONT

Toromont Industries Ltd.
Corporate Office
3131 Highway 7 West
P.O. Box 5511
Concord, Ontario L4K 1B7